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A SELECTION OF DOCUMENTS RECENTLY PUBLISHED ON THE WEB

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GENERAL INTEREST

Philipp Liesenhoff and Peter Sparding

What America’s Economy First Means for Europe

German Marshall Fund - Policy Brief – February 22, 2017 – 7 pages

<http://www.gmfus.org/publications/what-america%E2%80%99s-economy-first-means-europe>

“The election of Donald Trump in November 2016 has raised significant questions about the future direction of U.S. economic policy and its potential impact on Europe. As a result, the outlook for transatlantic cooperation on economic matters has changed dramatically.”

Evan F. Koenig and Alan Armen

Navigating by the Stars: The Natural Rate as Economic Forecasting Tool

FRB Dallas – Economic Letter – February 2017 – 4 pages

<https://www.dallasfed.org/research/ecllett.aspx>

“Fed policymakers must assess the stance of monetary policy each time they decide whether the target federal funds rate should be changed. Several different benchmark, or “natural,” interest rates have been suggested for this purpose, write Evan F. Koenig and Alan Armen in the Federal Reserve Bank of Dallas' latest Economic Letter. The gap between the target funds rate and the natural rate should, in principle, help forecast real economic activity and inflation.”

Olivier Blanchard, Guido Lorenzoni and Jean Paul L’Huillier

Short-Run Effects of Lower Productivity Growth: A Twist on the Secular Stagnation Hypothesis

Peterson Institute – Policy Brief – February 2017 - 8 pages

<https://piie.com/system/files/documents/pb17-6.pdf>

“Despite interest rates at close to zero, US GDP growth has been anemic, suppressed by pessimism about the future. Downward revisions of productivity growth may have decreased demand by 0.5 to 1.0 percent a year since 2012. This explanation may weaken the case that secular stagnation is permanent and that the current yield curve may underestimate the strength of future demand and the need for higher interest rates in the future.”

Jason Furman, Sandra Black, Jay Shambaugh, Matt Fiedler

The 2017 Economic Report of the President

White House - December 15, 2016

<https://obamawhitehouse.archives.gov/blog/2016/12/15/2017-economic-report-president>

“The 2017 Economic Report of the President reviews the economic record of the Obama Administration, focusing on how policies have promoted inclusive growth.”

2017 Joint Economic Report

Joint Economic Committee – February 28, 2017

<https://www.jec.senate.gov/public/index.cfm/republicans/analysis?ID=3D0D2341-3548-4BDC-B252-090630A6B4F5>

Chairman’s Views: “The Obama Administration’s final Economic Report of the President and the Annual Report of the Council of Economic Advisers (Report) continues the pattern of previous reports that have misdiagnosed the reasons for our slow economic recovery and advocated misguided policies as a response. These policies have led to a steady decline in America’s economic potential. The Joint Economic Committee (JEC) Majority offers a different vision that will unleash our economy’s capacity to grow, produce, create jobs, boost wages, and compete in the 21st century.

John J. DiIulio, Jr.

10 Questions and Answers About America’s “Big Government”

Brookings – Fixgov - February 13, 2017

<https://www.brookings.edu/blog/fixgov/2017/02/13/ten-questions-and-answers-about-americas-big-government/>

“Trump’s federal hiring freeze has renewed an ongoing debate around the size of the U.S. federal bureaucracy, one that often overlooks certain hard truths about the composition, quality, and growth of the government workforce.”

Cato Handbook for Policymakers for 2017

Cato Institute – February 2017

<https://www.cato.org/cato-handbook-policymakers/cato-handbook-policy-makers-8th-edition-2017>

“Fidelity to our founding principles of respect for civil liberties and limited government may be easy when times are easy. The true test of our faith in those principles comes when we are beset by assaults from without and economic turmoil within, when public anxiety may temporarily make it seem expedient to put those principles aside. In the new Cato Handbook for Policymakers, Cato Institute scholars outline practical steps Congress and the administration could take—reforms of health care, financial regulation, taxes, surveillance, marijuana policy, civil asset forfeiture, war powers, immigration, transportation, trade policy, and more—to expand freedom and limit government.”

Kevin DeGood

A Plan for Rebuilding America and Investing in Workers and Jobs

Center for American Progress – Report - February 1, 2017 – 10 pages

<https://www.americanprogress.org/issues/economy/reports/2017/02/01/297796/a-plan-for-rebuilding-america-and-investing-in-workers-and-jobs/>

“The start of the 115th Congress presents an important opportunity to strengthen communities, expand employment, raise wages, and build the infrastructure that will power the U.S. economy.”

David Byrne, John G. Fernald, and Marshall Reinsdorf

Does Growing Mismeasurement Explain Disappointing Growth?

FRB San Francisco - Economic Letter - February 13, 2017 – 5 pages

<http://www.frbsf.org/economic-research/publications/economic-letter/2017/february/does-growing-mismeasurement-explain-disappointing-productivity>

Slowing growth in U.S. productivity after 2004 is sometimes blamed on measurement problems, particularly in assessing the gains from innovation in IT-related goods and services. However, mismeasurement also occurred before the slowdown and, on balance, there is no evidence that it has worsened. Some innovations—such as free Internet services—have grown increasingly important, but they mainly affect leisure time. Moreover, the non-market benefits do not appear large enough to offset the effects of the business-sector slowdown.

INCOMES – INEQUALITY - IMMIGRATION

Geography of Poverty

House Ways and Means Committee – Hearing – February 15, 2017

<https://waysandmeans.house.gov/event/hearing-geography-poverty/>

Witness List:

Elizabeth Kneebone, Fellow, Metropolitan Policy Program, Brookings Institution

Mark Partridge, Professor, Swank Chair in Rural-Urban Policy, Department of Agricultural, Environmental, and Development Economics, The Ohio State University

William Leavy, Executive Director, Greater West Town Project, Chicago, IL, accompanied by Linda Thomas, Director of Client Services, Greater West Town Project, Chicago, IL

Tammy Slater, CEO, Goodwill Industries of Greater Nebraska

Arthur C. Brooks

The Dignity Deficit: Reclaiming Americans’ Sense of Purpose

American Enterprise Institute - Foreign Affairs (Forthcoming) – Essay - February 17, 2017

<http://www.aei.org/publication/the-dignity-deficit-reclaiming-americans-sense-of-purpose>

“The explanations for Donald Trump’s surprise victory have varied widely. But one factor that clearly played an important role was the alienation and disaffection of less educated white voters in rural and exurban areas. Trump may have proved to be a uniquely popular tribune for this constituency. But the anger he tapped into has been building for half a century. The roots of that anger lie all the way back in the 1960s, when President Lyndon Johnson launched his so-called War on Poverty. Only by properly understanding the mistakes made in that war—mistakes that have deprived generations of Americans of their fundamental sense of dignity—can the country’s current leaders and political parties hope to start fixing them. And only once they properly understand the problem will they be able to craft the kind of cultural and political agenda that can heal the country’s wounds.”

Robert Doar (Editor)

A Safety Net That Works: Improving Federal Programs for Low-Income Americans

AEI Press – Book – February 2017

<http://www.aei.org/spotlight/a-safety-net-that-works>

“Policymakers have an important responsibility, along with the rest of civil society, to develop a safety net that works and better helps poor Americans increase their earnings. This book brings together academics and practitioners with decades of experience studying and implementing the crucial federal programs that assist low-income Americans. Each essay discusses a program’s history, what research and personal experience show about its effects, and one expert’s view of how to help it work better.”

Does College Level the Playing Field?

FRB Saint Louis – Economic Review – First Quarter 2017

<https://files.stlouisfed.org/files/htdocs/publications/review/2017-02-15/does-college-level-the-playing-field.pdf>
<https://research.stlouisfed.org/publications/review>

Whether the topic is responding to poverty and inequality or expanding access to opportunity and the American Dream, college is always the central recommendation. Yet research found that a college degree predicted rising levels of family wealth for Whites and Asians but declining levels of wealth for Blacks and Hispanics. The commissioned papers and discussion here are aimed at understanding the underlying explanations of this troubling finding.

FISCAL POLICY

The Congressional Budget Office’s Budget and Economic Outlook

House Budget Committee – Hearing – February 2, 2017

<http://budget.house.gov/hearing-schedule-2017/the-congressional-budget-office-s-budget-and-economic-outlook.htm>

“In fiscal year 2016, for the first time since 2009, the federal budget deficit increased in relation to the nation’s economic output. CBO projects that over the next decade, if current laws remained generally unchanged, budget deficits would eventually follow an upward trajectory—the result of strong growth in spending for retirement and health care programs targeted to older people and rising interest payments on the government’s debt, accompanied by only modest growth in revenue collections. Those accumulating deficits would drive debt held by the public from its already high level up to its highest percentage of gross domestic product (GDP) since shortly after World War II.”

Stephen J. Ezell, David M. Hart, and Robert D. Atkinson

Bad Blueprint: Why Trump Should Ignore the Heritage Plan to Gut Federal Investment

Information Technology & Innovation Foundation – Report – February 2017 – 16 pages

http://www2.itif.org/2017-heritage-blueprint-budget.pdf?mc_cid=d813c22293&mc_eid=c56f7c6ab9

“The Heritage Foundation has a budget blueprint that would slash trillions of dollars in federal investment—and the Trump administration reportedly is considering it. But the plan is premised on erroneous assumptions, empirical inaccuracies, and misguided leaps of logic. The U.S. has suffered for years from chronic underinvestment. Crippling key functions of government that support business innovation and competitiveness, as the Heritage plan suggests, would only compound the damage.”

Andrew Feldman

Strengthen Results-Focused Government: Strategies to Build On Bipartisan Progress in Evidence-Based Policy

Brookings – Report – January 2017 – 53 pages

https://www.brookings.edu/wp-content/uploads/2017/01/es_20170130_evidencebasedpolicy.pdf

“Despite partisanship and gridlock in Washington D.C. in other policy areas, there has been a growing movement, championed by both Democrats and Republicans, to strengthen program results and get more “bang for the buck” from federal spending. The movement is called the evidence-based policy agenda or simply the

evidence agenda. In this report,” the author argues the new administration should leverage President Trump’s business background and make a bold new push on evidence-based policy in order to improve government performance.”

Robert Greenstein, Joel Friedman, Isaac Shapiro

Program Spending as a Percent of GDP Historically Low Outside Social Security and Medicare, and Projected to Fall Further

Center on Budget and Policy Priorities – Report – Updated February 21, 2017 – 8 pages

<http://www.cbpp.org/research/federal-budget/program-spending-historically-low-outside-social-security-and-medicare>

“The Trump Administration and congressional Republicans are expected to unveil budget proposals in coming months that contain large cuts to a range of government programs aiding middle- and low-income families — and to justify that approach by claiming that the size and reach of the federal government have grown far too expansive. The official data, however, do not support this claim.”

Robert Greenstein, Richard Kogan, Isaac Shapiro

Low-Income Programs Not Driving Nation’s Long-Term Fiscal Problem - Programs Outside Health Projected To Decline Relative to Economy

Center on Budget and Policy Priorities – Report – Updated February 21, 2017 – 8 pages

<http://www.cbpp.org/research/long-term-fiscal-challenges/low-income-programs-not-driving-nations-long-term-fiscal>

“Low-income program spending grew significantly between 2007 and 2010 in response to the severe recession, helping to mitigate its worst effects.[1] But as a percent of the economy, federal spending on low-income programs other than health care has fallen considerably since then. Spending on low-income programs other than health care will fall below its 40-year average in 2018. Currently such spending, as a percent of gross domestic product (GDP), is below its level in the year before President Obama’s inauguration and equals its average level over the past 40 years.”

John V. Duca, Patric H. Hendershott and David C. Ling

How Taxes and Required Returns Drove Commercial Real Estate Valuations over the Past Four Decades

FRB Dallas – Working Paper – February 2017 – 47 pages

<https://www.dallasfed.org/research/papers/2017/wp1703.aspx>

“We document the evolution of U.S. tax law regarding commercial real estate (CRE) since 1975, noting changes in income and capital gains tax rates and tax depreciation methods. The most prominent changes were the 1981 and 1986 Tax Acts, but numerous significant changes occurred in the last dozen years. We then compute the present value of tax depreciation per dollar of acquisition price and an effective tax rate for CRE. We explain the quarterly variation in CRE capitalization rates using an error correction framework and find that the long run estimates are statistically significant in the way theory would suggest. Moreover, the required financial asset return and the tax depreciation variable temporally predict (“cause”) capitalization rates in the long run, but not vice versa.”

TAX POLICY

Mark P. Keightley

An Overview of Recent Tax Reform Proposals

Congressional Research Service – Report - February 28, 2017 – 13 pages

<https://fas.org/sgp/crs/misc/R44771.pdf>

“Many agree that the U.S. tax system is in need of reform. Congress continues to explore ways to make the U.S. tax system simpler, fairer, and more efficient. In doing so, lawmakers confront challenges in identifying and enacting policies, including consideration of competing proposals and differing priorities. To assist Congress as it continues to debate the intricacies of tax reform, this report provides a review of legislative tax reform proposals introduced since the 113th Congress.”

Joe Kennedy

Five Must-Haves (and Five Nice-to-Haves) for Pro-Growth Corporate Tax Reform

Information Technology & Innovation Foundation – Report – February 2017 – 12 pages

http://www2.itif.org/2017-tax-reform.pdf?mc_cid=f2337aa399&mc_eid=c56f7c6ab9

“Reforming America’s corporate tax code is one of the most important things Congress can do to boost growth. But given the tax code’s complexity and the divisive political environment, lawmakers should focus first and foremost on provisions that spur the kinds of investments that drive innovation, productivity, and competitiveness and avoid getting bogged down in disagreements over less impactful measures that could derail broadly beneficial reform.”

Chuck Marr Chye-Ching Huang Brandon DeBot Guillermo Herrera

Will New Trump Tax Plan Include Pass-Through Tax Break for Wealthiest?

Center on Budget and Policy Priorities – Paper - February 27, 2017 – 10 pages

<http://www.cbpp.org/sites/default/files/atoms/files/2-27-17tax-2.pdf>

“President Trump says he will revise his tax plan. A key question is whether the revised plan will tilt heavily toward the wealthy — as his campaign tax plans did — or will reflect his and his top aides’ promises that his tax policy will focus on workers and “have no absolute tax cut for the upper class.” The answer depends heavily on whether he retains a proposal for a special, much lower top rate for “pass-through” business income. “Pass-through” income is business income that individuals receive from businesses other than corporations and claim on their individual tax returns. That is, the income “passes through” to the business owners and is taxed at the owners’ individual tax rates — the same rates that apply to their wage and salary income — rather than through the corporate income tax.”

Import Tariff or Border Tax: What is the Difference and Why Does it Matter?

Congressional Research Service – Legal Sidebar – January 31, 2017 – 2 pages

<https://fas.org/sgp/crs/misc/tariff.pdf>

“On January 26, 2017, the Trump Administration floated the idea of imposing a 20% tax on imports from Mexico to pay for the proposed wall along the U.S.-Mexico border. Initial news reports evinced some confusion as to whether an import tariff or a border tax was being considered; indeed, various reports used the terms interchangeably. An import tariff, which imposes duties on specific imported goods, is distinct from a border tax. This Sidebar post briefly describes the difference between these two types of measures and whether the President may unilaterally impose them without congressional approval. It does not address the policy implications of either measure.”

Alex Brill

Border Adjustment Tax: \$260 Billion More Than You Thought

AEI - January 30, 2017

<http://www.aei.org/publication/border-adjustment-tax-260-billion-more-than-you-thought>

Border adjustment tax: \$260 billion more than you thought “The hottest topic in tax reform is the proposal by House Speaker Paul Ryan and Ways and Means Committee Chairman Kevin Brady to adopt a border adjustable cash flow tax. Catching all the attention is the fact that imports would be subject to a 20% tax and exports would enjoy a 20% tax subsidy. But a key piece of this policy is missing, and this will have important

economic and budgetary consequences. Basic economic theory tells us that a border adjustable cash flow tax would drive an appreciation in the value of the US dollar.”

William G. Gale

A Quick Guide to the ‘Border Adjustments’ Tax

Brookings - February 7, 2017

<https://www.brookings.edu/opinions/a-quick-guide-to-the-border-adjustments-tax>

“The House Republican tax plan proposes to transform the corporate income tax into a destination-based cash flow tax (DBCFT), which would include border adjustments that exempt exports but include imports in tax bills. The effects of the border adjustment on the economy depend on how exchange rates respond. However, the potential response is a source of significant confusion and uncertainty. Here’s what we do and don’t know.”

Mary Amity, Oleg Itskhoki, Jozef Konings

Why the Proposed Border Tax Adjustment Is Unlikely to Promote U.S. Exports

FRB New York - Liberty Street Economics - February 24, 2017

<http://libertystreeteconomics.newyorkfed.org/2017/02/why-the-proposed-border-tax-adjustment-is-unlikely-to-promote-us-exports.html>

“There has been much debate about the proposed border tax adjustment, in which U.S. firms would pay a 20 percent tax on all imported inputs and be exempt from paying taxes on export revenue. The view among many economists, including proponents of the plan, is that the U.S. dollar would appreciate by the full amount of the tax and thus completely offset any relative price effects. In this post, we consider the implications of an alternative scenario where the U.S. dollar only appreciates part of the way.”

Alan D. Viard

The Economic Effects of Border Adjustments

AEI - Tax Notes – February 2017

<http://www.aei.org/publication/the-economic-effects-of-border-adjustments>

“In this article, Alan Viard discusses recent proposals for border-adjusted federal taxes, including the Brady-Ryan House Republican plan. He argues that a border adjustment would not permanently reduce the trade deficit because of an adjustment in relative prices facing Americans and foreigners. He also identifies important effects of the border adjustment on the location of investments with above-normal returns and cross-border asset holdings and argues that evaluations of border adjustments should focus on those effects.”

Jane G. Gravelle

Capital Gains Taxes: An Overview

Congressional Research Service – Report - February 6, 2017 – 9 pages

<https://fas.org/sgp/crs/misc/96-769.pdf>

“Current tax rates on capital gains are imposed at a 0% rate for those whose income places them in the regular 15% bracket, and 15% for taxpayers in higher brackets, except for those in the 39.6% bracket. In 2017, the 39.6% bracket begins with taxable income of \$470,700 for joint returns and \$418,400 for single returns. There is also an exclusion of \$500,000 (\$250,000 for single returns) for gains on home sales.”

MONETARY POLICY

Marc Labonte

Monetary Policy and the Federal Reserve: Current Policy and Conditions

Congressional Research Service – Report - February 7, 2017 – 22 pages

<https://fas.org/sgp/crs/misc/RL30354.pdf>

“This report provides an overview of monetary policy and recent developments, a summary of the Fed’s actions following the financial crisis, and ends with a brief overview of the Fed’s regulatory responsibilities.”

Monetary Policy and the State of the Economy

House Committee on Financial Services – Hearing - February 15, 2017

<http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=401494>

Janet L. Yellen: I am pleased to present the Federal Reserve’s semiannual Monetary Policy Report to the Congress. In my remarks today I will briefly discuss the current economic situation and outlook before turning to monetary policy.”

Mickey D. Levy

Why Have the Fed’s Policies Failed to Stimulate the Economy?

Cato Journal - Winter 2017 – 7 pages

<https://object.cato.org/sites/cato.org/files/serials/files/cato-journal/2017/2/cj-v37n1-3.pdf>

“The Fed’s sustained low policy rate, quantitative easing (QE), and forward guidance have stimulated financial markets and boosted asset prices but have failed to stimulate the economy. Mickey D. Levy notes that recent trends make it increasingly clear that economic performance has been constrained by factors that are beyond the scope of monetary policy and that the Fed’s policies are contributing to mounting financial distortions with unknown consequences.”

Louise M. Sheiner and Peter Olson

Fiscal Stimulus and the Fed

Brookings - The Hutchins Center - January 26, 2017

<https://www.brookings.edu/blog/up-front/2017/01/26/the-hutchins-center-explains-fiscal-stimulus-and-the-fed>

“With economic markets expecting a wave of fiscal stimulus in the form of tax cuts and increased government spending, the Hutchins Center Explains series assesses scenarios where the Federal Reserve might raise interest rates faster than it otherwise would.”

Jonas D. M. Fisher and Christopher Russo

Recent Declines in the Fed’s Longer-Run Economic Projections

FRB Chicago - Economic Letter – February 2017 – 6 pages

<https://www.chicagofed.org/publications/chicago-fed-letter/index>

This Chicago Fed Letter investigates the evolution of longer-run economic projections made by participants of the Federal Reserve’s monetary policy committee, the Federal Open Market Committee (FOMC), in its Summary of Economic Projections (SEP), and by the private sector. Over the past few years, the FOMC’s longer-run projections for economic growth, unemployment, and the federal funds rate have fallen quite dramatically. We verify that these views are shared by the private sector and show that the declines are not unprecedented in magnitude, but the projections have reached historical lows. We point to some reasons for these developments and touch on some implications for monetary policy.”

Federal Reserve System: Potential Implications of Modifying the Capital Surplus Account and Stock Ownership Requirement

GAO – Report - January 25, 2017 – 53 pages

<http://www.gao.gov/assets/690/683000.pdf>

“Member banks of the Federal Reserve must purchase stock in their regional Reserve Bank, but historically received a 6 percent dividend annually on paid-in stock. A provision of the 2015 FAST Act modified the dividend rate formula for 85 larger member banks—and currently reduces the amount these banks receive. The FAST Act also capped the surplus capital the Reserve Banks could hold and directed that any excess be transferred to Treasury’s general fund. Congress offset payments into the Highway Trust Fund by, among other things, instituting the Reserve Bank surplus account cap. GAO was asked to report on the effects of these changes and the policy implications of modifying the stock ownership requirement.”

Ben S. Bernanke

Shrinking the Fed’s Balance Sheet

Brookings – Blog – January 26, 2017

<https://www.brookings.edu/blog/ben-bernanke/2017/01/26/shrinking-the-feds-balance-sheet>

“The Federal Reserve’s balance sheet grew from less than \$900 billion before the financial crisis to about \$4.5 trillion today, but Ben Bernanke says that there’s no need to shrink it right away: “there is little evidence that, at current levels, the Fed’s balance sheet poses significant problems for market functioning or for the economy.”

John C. Williams

Three Questions on R-star

FRB San Francisco - Economic Letter - February 21, 2017 – 5 pages

<http://www.frbsf.org/economic-research/publications/economic-letter/2017/february/three-questions-on-r-star-natural-rate-of-interest>

“The decline in the natural rate of interest, or r-star, over the past decade raises three important questions. First, is this low level for the real short-term interest rate unique to the U.S. economy? Second, is the natural rate likely to remain low in the future? And third, is this low level confined to “safe” assets? In answer to these questions, evidence suggests that low r-star is a global phenomenon, is likely to be very persistent, and is not confined only to safe assets.”

FINANCE

Henry B. Hogue, Marc Labonte, Baird Weibel

Independence of Federal Financial Regulators: Structure, Funding, and Other Issues

Congressional Research Service – Report - February 28, 2017 – 32 pages

<https://fas.org/sgp/crs/misc/R43391.pdf>

“Conventional wisdom regarding regulators is that the structure and design of the organization matters for policy outcomes. Financial regulators conduct rulemaking and enforcement to implement law and supervise financial institutions. These agencies have been given certain characteristics that enhance their day-to-day independence from the President and Congress, which may make policymaking more technical and less “political” or “partisan,” for better or worse. Independence may also make regulators less accountable to elected officials and can reduce congressional influence, at least in the short term.”

David Dayen

Dismantling Dodd-Frank -- And More

The American Prospect – Article – Winter 2016

<http://prospect.org/article/dismantling-dodd-frank-and-more>

“So while Donald Trump, populist rhetoric notwithstanding, promised on the campaign trail and on his transition website to “dismantle” Dodd-Frank financial reform, he probably won’t do it in one shot. He won’t even have to do it through Congress. Here’s the likely blueprint.”

Jens H.E. Christensen, Jose A. Lopez, and Patrick Shultz

Do All New Treasuries Trade at a Premium?

FRB San Francisco - Economic Letter - February 6, 2017 – 5 pages

<http://www.frbsf.org/economic-research/files/el2017-03.pdf>

“In the Treasury market, the most recently issued security typically trades at a higher price than more seasoned but otherwise comparable securities. The difference is known as the “on-the-run” premium. This phenomenon opens the question of whether a similar premium exists for all Treasury bonds. Examining yield spreads between pairs of inflation-protected securities, known as TIPS, that have identical maturities but different issue dates suggests that this is not the case: There is no on-the-run premium in the TIPS market at this time.”

Total Household Debt Nears 2008 Peak but Debt Picture Looks Much Different

Federal Reserve Bank of New York - Liberty Street Economics – February 16, 2017

<https://central-banks.economicblogs.org/ny-fed/2017/nyfed-household-debt-nears-2008-debt-looks>

“The report shows that total household debt increased in 2016 to a level just shy of its 2008 peak. Even so, the debt looks very different than the last time we saw this level of indebtedness.”

Allison Cole

Do Consumers Rely More Heavily on Credit Cards While Unemployed?

Boston FRB – Research Report – December 2016 – 27 pages

<https://www.bostonfed.org/publications/research-data-report/2016/do-consumers-rely-more-heavily-on-credit-cards-while-unemployed.aspx>

“This report assesses how households change their use of credit cards during periods of unemployment...The way individual households manage their finances during unemployment can affect their long-term financial health. Recently, credit card debt has begun to rise after having fallen by more than 25 percent from 2009 to 2014. Relying too heavily on credit cards without paying off credit card debt can increase consumers' debt and cause further deterioration in their financial situation. If credit card debt increases with unemployment, overall debt may increase as well. If, instead, consumers decrease credit card use when unemployed, their debt will likely be lower and they may be able to restore their normal consumption level sooner after returning to work. Thus, credit card behavior has implications for the overall health of the economy and is potentially useful to policymakers in their assessment of the economic outlook.”

HOUSING

Andreas Fuster, Eilidh Geddes, Benedict Guttman-Kennedy, and Andrew Haughwout

How Resilient Is the U.S. Housing Market Now?

FRB New York - Liberty Street Economics – February 13, 2017

<http://libertystreeteconomics.newyorkfed.org/2017/02/how-resilient-is-the-us-housing-market-now.html>

“Housing is by far the most important asset for most households, and, not coincidentally, housing debt dwarfs other household liabilities. The relationship between housing debt and housing values figures significantly in financial and macroeconomic stability, as events during the housing bust of 2006-12 clearly demonstrated. This week, Liberty Street Economics presents five posts touching on various aspects of housing, from the changing relationship between mortgage debt and housing equity to the future of homeownership. In today’s post, we provide estimates of housing equity and explore how vulnerable households are to declines in house prices.”

Andreas Fuster, Eilidh Geddes, and Andrew Haughwout

The Evolution of Home Equity Ownership

FRB New York - Liberty Street Economics – February 14, 2017

<http://libertystreeteconomics.newyorkfed.org/2017/02/the-evolution-of-home-equity-ownership.html>

“At the end of 2015, aggregate housing equity was very close, in nominal terms, to its pre-crisis level. But housing wealth has moved to a different group that’s made up of people who are older and have higher credit scores than a decade ago. Our bloggers examine the evolution of housing equity and its owners.”

Andreas Fuster, Eilidh Geddes, and Andrew Haughwout

Houses as ATMs No Longer

FRB New York – Liberty Street Economics - February 15, 2017

<http://libertystreeteconomics.newyorkfed.org/2017/02/houses-as-atms-no-longer.html>

“Housing equity is the primary form of collateral that households use for borrowing. This makes it a potentially important source of consumption funding, especially for younger households. In a previous post we showed that owner’s equity in residential real estate has finally, thanks to increasing home prices, rebounded to and essentially re-attained its 2005 peak level. Yet in spite of a gain of more than \$7 trillion in housing equity since 2012, so far homeowners haven’t been tapping this equity at anything like the pace we witnessed during the housing boom that ended in 2006. In this post, we analyze the changes in equity withdrawal.”

Andrew Haughwout, Richard Peach, and Joseph Tracy

The Homeownership Gap Is Finally Closing

FRB New York - Liberty Street Economics – February 16, 2017

<http://libertystreeteconomics.newyorkfed.org/2017/02/the-homeownership-gap-is-finally-closing.html>

“The homeownership rate peaked at 69 percent in late 2004. By the summer of 2016, it had dropped below 63 percent—exactly where it was when the government started reporting these data back in 1965. The housing bust played a central role in this decline. We capture this effect through what we call the homeownership gap—the difference between the official homeownership rate and the “effective” rate where only homeowners with positive equity in their house are counted.”

OTHER ECONOMIC POLICIES

A Growth Agenda: Reducing Unnecessary Regulatory Burdens

Senate Committee on Commerce, Science, and Transportation – Hearing - February 1, 2017

<http://www.commerce.senate.gov/public/index.cfm/hearings?ID=CDB60E0B-1E12-490B-890F-51E457C9CC30>

The hearing will examine the negative impacts of unnecessarily burdensome regulations on diverse sectors of our nation’s economy. The hearing will also explore where a smarter regulatory approach would create jobs and spur economic growth. Witnesses:

- Mr. Jack N. Gerard, President and CEO, American Petroleum Institute
- Mr. Gary Shapiro, President and CEO, Consumer Technology Association
- Mr. Rosario Palmieri, Vice President of Labor, Legal and Regulatory Policy, National Association of Manufacturers
- Mr. Adam J. White, Research Fellow, Hoover Institution
- Professor Lisa Heinzerling, William J. Brennan, Jr., Professor of Law, Georgetown Law Center

Rachel Augustine Potter

Why Trump Can’t Undo the Regulatory State So Easily

Brookings - February 6, 2017

<https://www.brookings.edu/research/why-trump-cant-undo-the-regulatory-state-so-easily/>

“Regulatory politics, not usually the stuff of headlines, is suddenly above-the-fold news. In his first week, President Trump laid out an ambitious anti-regulatory goal of eliminating “75%–maybe more” of existing

regulation. Last week he followed up on that pledge, signing an executive order adopting a “2 for 1” policy for new regulations and issuing another order to consider rolling back Dodd-Frank regulations. However, despite this flurry of activity, it’s too soon to conclude that the regulatory state as we know it is in retreat.”

LOCAL ECONOMIC DEVELOPMENT

State of the States 2017

Pew Charitable Trusts – Stateline - January 23, 2017

<http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2017/01/23/state-of-the-states-2017>

“Stateline’s annual State of the States series looks at some of the pressing issues state lawmakers are facing as they begin their work this month. The Future of Medicaid Expansion; Budget Winners; Blue Cities in Red States; Renewable Energy; Marijuana Legalization.”

Identifying State-Level Recessions

FRB Kansas City - Economic Review – First Quarter 2017 – 25 pages

<https://www.kansascityfed.org/~media/files/publicat/econrev/econrevarchive/2017/1q17brown.pdf>

“The timing of individual states entering recession often differs from the United States as a whole. Jason P. Brown identifies state-level recessions in the Tenth Federal Reserve District and finds that energy-producing states have more frequent (but shorter) recessions than non-energy-producing states.”

Eric Figueroa Michael Leachman Michael Mazerov

Phasing In State Tax Cuts Doesn't Make Them Fiscally Responsible

Center on Budget and Policy Priorities – Report - February 6, 2017 - 13p

<http://www.cbpp.org/sites/default/files/atoms/files/2-6-17sfp.pdf>

“Some states in recent years have enacted deep cuts in income taxes that phase in over several years rather than take effect all at once. Eleven states have enacted large, phased-in cuts in corporate or personal income taxes since 2011 that will cost a combined \$8 billion a year once fully implemented. A number of these tax cuts will come on top of other large income tax cuts the state has already implemented. Phasing in deep tax cuts can create major structural problems in state revenue systems. Phasing in policy changes over time can be prudent in some cases, but phasing in deep tax cuts can create major structural problems in state revenue systems, weakening states’ ability to support a strong education system and other essential public services that provide a foundation for future prosperity.”

Michael Mazerov and Marlana Wallace

Revenue "Triggers" for State Tax Cuts Provide Illusion of Fiscal Responsibility

Center on Budget and Policy Priorities – Report - February 6, 2017 - 21p

<http://www.cbpp.org/sites/default/files/atoms/files/2-6-17sfp2.pdf>

“Ten states¹ (including the District of Columbia) have enacted laws in recent years that cut personal or corporate income taxes at a future date, contingent on state revenues first reaching a certain level or growth rate. Though these “triggered” tax cuts — like other tax cuts enacted with a significantly delayed effective date² — are sometimes portrayed as fiscally responsible, they are nothing of the sort. Lawmakers enacting them typically have no idea if they will be affordable or desirable when they take effect, and they can cause deep and lasting damage to a state’s ability to invest in its people and communities.”

Tax Revenue Volatility Poses Budget Challenges for Some States

The Pew Charitable Trusts - Analysis - February 02, 2017

<http://www.pewtrusts.org/en/research-and-analysis/analysis/2017/02/02/tax-revenue-volatility-poses-budget-challenges-for-some-states>

“Yearly swings in tax revenue can confound policymakers’ best efforts to balance state budgets. These fluctuations vary greatly across the 50 states... Revenue volatility differs across states because each relies on a unique mix of tax streams. Individual tax streams experience different fluctuations from year to year, contributing to a state’s overall revenue volatility. Between fiscal years 1996 and 2015, corporate income taxes and severance taxes on oil and minerals were consistently more volatile than other major state taxes, such as those on personal income and sales of goods and services. Although states can raise or lower tax revenue by changing tax policies, the underlying volatility of individual tax streams is often driven by factors outside policymakers’ control.”

Mason B. Williams

Century of Cities - Rebuilding Urban Infrastructure Is Vital For Economic Growth

First Year 2017 – Miller Center – University of Virginia – February 2017

<http://firstyear2017.org/essay/century-of-cities>

The 21st century will be a century of cities. Long the engines of American innovation, cities are supplying fresh ideas and vital economic growth, and in an interconnected world, they are working collaboratively across national boundaries to deal with big issues like economic development, environmental sustainability, and terrorism. Cities can lead America into the 21st century. But to do so, they need an infrastructure capable of serving as a platform for sustainable development. And they need an infrastructure that serves everyone.

BUSINESS

Zero Barriers: Three Mega Trends Shaping the Future of Entrepreneurship

Speech by Wendy Guillies, President and CEO

Kauffman Foundation – Report - State of Entrepreneurship 2017 – February 23, 2017 – 32 pages

http://www.kauffman.org/~media/kauffman_org/resources/2017/state_of_entrepreneurship_address_report_2017.pdf

<http://www.kauffman.org/what-we-do/resources/state-of-entrepreneurship-addresses/2017-state-of-entrepreneurship-address/wendy-guillies-state-of-entrepreneurship-2017-speech>

“After a long Great Recession hangover, entrepreneurship is finally rebounding in the United States. Entrepreneurs are driving a resurgence of business activity in America—in new business creation, local small business activity, and the growth of small firms into larger businesses. But underneath this reassuring surface, turbulent shifts are shaping the future of entrepreneurship to be dramatically different than what it is today, or was in the past. We posit that three mega trends will be defining forces shaping the future of entrepreneurship for decades to come. These three trends reflect the changing demographics, map, and nature of American entrepreneurship.”

Start-ups Stalling? The Tax Code as a Barrier to Entrepreneurship

U.S. House Committee on Small Business, Hearing - February 16, 2017

<http://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=399602>

“On many fronts, the American economy is recovering. Hiring, wages, and the labor force are all on the rise. However, there is one area where the economy appears to be in serious trouble. New business creation, despite overall positive recent trends, is still in long-term decline when compared to levels from the 1980s, 1990s, and early 2000s. While there are likely a number of underlying causes, the current tax code doesn’t make entrepreneurship any easier. The Committee will meet to examine the extent to which the tax code operates as a barrier to business creation and growth.”

State of the Small Business Economy

U.S. House Committee on Small Business, Hearing - February 16, 2017

<http://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=399606>

“American small businesses are not in business to comply with Washington, though it can sometimes feel that way. Rather, they are in business to earn a profit so they can make a living for themselves and their families. In turn, they create jobs for their fellow Americans and help strengthen the economy. As I’m certain we will hear this morning, healthcare reform, regulatory relief, simplifying and lowering taxes and getting Washington out of the way would unleash the power of our small businesses so they can do what they do best—to grow and create jobs.”

Robert Jay Dilger

Small Business Administration and Job Creation

Congressional Research Service – Report - February 8, 2017 – 22 pages

<https://fas.org/sgp/crs/misc/R41523.pdf>

The Small Business Administration (SBA) administers several programs to support small businesses, including loan guaranty programs, disaster loan programs, management and technical assistance training programs, and federal contracting programs Congressional interest in these programs has increased in recent years, primarily because they are viewed as a means to stimulate economic activity and create jobs. This report examines the economic research on net job creation to identify the types of businesses that appear to create the most jobs.”

Kelsey Reichow

Small-Business Lending Languishes as Community Banking Weakens

FRB Dallas – Economic Letter – February 2017 – 4 pages

<https://www.dallasfed.org/research/ecllett.aspx>

“Community banks are key providers of loans to small businesses, which are important contributors to the local economy and international trade. While regulatory burden on small banks and its impact on lending has received attention, it is difficult to isolate the most significant driver of sluggish small-business lending.”

Robert Krol

Economic Policy Uncertainty and Small Business Decisions

Cato Journal – Winter 2017 – 10 pages

<https://object.cato.org/sites/cato.org/files/serials/files/cato-journal/2017/2/cj-v37n1-5.pdf>

“The U.S. economy has experienced a slow recovery from the 2007–09 recession. Economic growth remains below its historical average. One possible contributor to the poor economic performance is economic policy uncertainty. For example, the future course of monetary policy has been unclear over the recovery time period. Given the important role of small businesses in job creation, this article examines the impact of economic policy uncertainty on small business decisions.”

Aparna Mathur and Kartikeya Singh

Economic Substance Requirements and Multinational Firm Behavior

AEI - Working Paper - February 14, 2017 - 28 pages

<http://www.aei.org/publication/economic-substance-requirements-and-multinational-firm-behavior>

"The OECD’s Base Erosion and Profit Shifting project has focused on income attributed to intangibles with an objective of curtailing perceived artificial profit shifting by multinational firms. A key part of this effort is a renewed emphasis on the concept of “economic substance.”... Our analysis suggests that an emphasis on economic substance tied to people functions can have a significant impact on the scale as well as the location of economic activity."

MANUFACTURING - INNOVATION

Marc Levinson

What Is Manufacturing? Why Does the Definition Matter?

Congressional Research Service – Report - February 6, 2017 – 17 pages

<https://fas.org/sgp/crs/misc/R44755.pdf>

The scope and scale of manufacturing have changed considerably in the intervening centuries, but the challenge of defining “manufacturing” has not gone away. If anything, changes in the ways manufactured goods are developed, produced, and sold have made manufacturing more difficult to define and to link to a particular location, and have made it more difficult to identify workers whose jobs are related to manufacturing. Because Congress has written into law a number of preferences for goods deemed to be manufactured in the United States, the economic consequences of these definitional challenges are becoming more significant.”

Adams Nager

Trade vs. Productivity: What Caused U.S. Manufacturing Decline & How to Revive It

Information Technology & Innovation Foundation – Report – February 2017 – 27 pages

http://www2.itif.org/2017-trade-vs-productivity.pdf?_ga=1.60744109.1402894959.1449176520&mc_cid=86f032b020&mc_eid=c56f7c6ab9

“Conventional wisdom says automation was the main culprit behind U.S. manufacturing job losses in the 2000s, but trade pressure and lagging competitiveness played bigger roles than many analysts realize. Continuing to blame automation diverts attention from the fact that the manufacturing productivity growth is anemic and the trade deficit in goods keeps expanding. If the U.S. closes that deficit with a national competitiveness agenda that boosts productivity and rolls back foreign mercantilism, it could create 1.3 million jobs.”

Robert D. Atkinson and Stephen Ezell

Ten Principles to Guide the Administration’s Manufacturing Strategy

Information Technology & Innovation Foundation - Report – January 2017 - 24 pages

http://www2.itif.org/2017-manufacturing-principles.pdf?mc_cid=9dd3117d78&mc_eid=c56f7c6ab9

“Conventional economists misunderstand why the U.S. has lost so many manufacturing jobs and dismiss President Trump’s efforts to bring them back, providing little substantive guidance to address voters’ legitimate concerns. The president should ignore both supercilious criticism and tired laissez-faire thinking and maintain his focus on growing U.S. manufacturing—but he should use a scalpel, not a sledgehammer. This report offers 10 principles to guide his strategy.”

Doug Allen and Daniel Castro

Why So Sad? A Look at the Change in Tone of Reporting on the Impacts of Technology from 1986 to 2013

Information Technology & Innovation Foundation – Report – February 2017 – 18 pages

http://www2.itif.org/2017-why-so-sad.pdf?mc_cid=d813c22293&mc_eid=c56f7c6ab9

“News coverage of the impacts of technology in the 1980s and early 90s was largely positive, but the tone in the last decade has become much more pessimistic, stressing how technology harms society. Among the possible explanations: The frequency with which civil-society groups are quoted making critical comments on technology-related topics went from about 46 percent in the 80s and 90s to 77 percent in the years since. Also, academic sources have become less objective and scholarly, embracing more pointed, headline-grabbing critiques.”

Self-Driving Cars: Road to Deployment

House Energy and Commerce Committee – Hearing - February 14, 2017

<https://energycommerce.house.gov/hearings-and-votes/hearings/self-driving-cars-road-deployment>

Witnesses:

Mike Abelson, Vice President of Global Strategy, General Motors

Joseph Okpaku, Vice President of Public Policy, Lyft

Gill Pratt, Executive Technical Advisor and CEO, Toyota Research Institute

Anders Karrberg, Vice President of Government Affairs, Volvo Car Group

Nidhi Kalra, Ph.D., Senior Information Scientist, RAND; Professor, Pardee RAND Graduate School

Stephen J. Ezel

How the Prescription Drug User Fee Act Supports Life-Sciences Innovation and Speeds Cures

Information Technology & Innovation Foundation – Report – February 2017 – 18 pages

http://www2.itif.org/2017-pdufa-life-sciences-innovation.pdf?mc_cid=d813c22293&mc_eid=c56f7c6ab9

“As Congress considers reauthorizing the Prescription Drug User Fee Act, lawmakers should recognize the foundational role it plays in the U.S. biomedical ecosystem. User fees help provide the FDA with resources to make accurate, timely determinations about the safety and efficacy of new drugs, and they foster innovation by ensuring the agency can incorporate the latest advances in regulatory science into the drug-approval process.”

INFRASTRUCTURE - TRANSPORTATION

Diane Whitmore Schanzenbach Ryan Nunn Greg Nantz

If You Build It: A Guide to the Economics of Infrastructure Investment

Brookings – Hamilton Project - Framing Paper – February 2017 – 12 pages

http://www.hamiltonproject.org/assets/files/if_you_build_it_guide_economics_infrastructure_investment.pdf

“A founding principle of The Hamilton Project’s economic strategy is that long-term prosperity is best achieved by fostering economic growth and broad participation in that growth. In that spirit, this paper seeks to provide an economic framework for evaluating infrastructure investments and their methods of funding and finance. Why should we invest in infrastructure, what projects should be selected, who should decide, and how should those investments be paid for are all questions that can be better answered with the help of sound economic theory and evidence.”

Building a 21st Century Infrastructure

House Transportation and Infrastructure Committee – Vision and Hearing – February 1, 2017

<http://transportation.house.gov/building21/>

<http://transportation.house.gov/calendar/eventsingle.aspx?EventID=401047>

“A strong infrastructure means a strong America – an America that is competitive globally, fosters local and regional economic development, and creates jobs. We must be able to meet the needs of today, but also be poised to address the challenges of tomorrow. Together, we must work to build a 21st century infrastructure for America; one that looks for long-term solutions to our challenges and embraces American innovation.”

Oversight: Modernizing our Nation’s Infrastructure

Senate Committee on Environment and Public Works – Hearing - February 8, 2017

<https://www.epw.senate.gov/public/index.cfm/hearings?ID=82518667-E24B-4CB5-BAFC-35B3FAE0D372>

William "Bill" T. Panos, Director, Wyoming Department of Transportation

Michael McNulty, General Manager, Putnam Public Service District, West Virginia

Cindy R. Bobbitt, Commissioner, Grant County, Oklahoma

Anthony P. Pratt, Delaware Department of Natural Resources & Environmental Control

Shailen P. Bhatt, Executive Director, Colorado Department of Transportation

Building a 21st Century Infrastructure for America: State of American Aviation Manufacturing

House Transportation and Infrastructure Committee – Vision and Hearing – February 15, 2017

<http://transportation.house.gov/calendar/eventsingle.aspx?EventID=401102>

“This is the first in a series of Aviation Subcommittee hearings focused on FAA reauthorization and reform, and how we can build a 21st century aviation system for America. Aviation manufacturing is one of our top exporters, it contributes billions of dollars to the economy annually, and it supports millions of jobs right here in the United States... I am interested in hearing from our witnesses what Congress can do to help us remain global leaders in aviation manufacturing, while also upholding our safety record. I also want to hear their thoughts on the future of American aviation manufacturing.”

Rachel Y. Tang and Bart Elias

The Airport and Airway Trust Fund (AATF): An Overview

Congressional Research Service– Report – January 31, 2016 – 13 pages

<https://fas.org/sgp/crs/misc/R44749.pdf>

“The Airport and Airway Trust Fund (AATF), sometimes referred to as the aviation trust fund, has been the primary funding source for federal aviation programs since 1972. It provides all funding for three major accounts of the Federal Aviation Administration (FAA): the Airport Improvement Program, Facilities and Equipment, and Research, Engineering, and Development. It also pays for most spending from FAA’s Operations and Maintenance account.”

Moving America: Stakeholder Perspectives on our Multimodal Transportation System

Senate Committee on Commerce, Science, and Transportation – Hearing - February 15, 2017

<http://www.commerce.senate.gov/public/index.cfm/hearings?ID=059064F8-8D58-4725-98BC-61CC53DBCB08>

Witnesses:

- Mr. Matthew K. Rose, Executive Chairman, BNSF Railway
- Dr. Christopher B. Lofgren, Chief Executive Officer, Schneider National
- Mr. Tom Gurd, Vice President of Integrated Supply Chain, Dow Chemical Company
- Mr. Wick Moorman, President and Chief Executive Officer, Amtrak

AGRICULTURE

Jim Monke

Farm Bill Programs Without a Budget Baseline Beyond FY2018

Congressional Research Service – Report - February 7, 2017 – 9 pages

<https://fas.org/sgp/crs/misc/R44758.pdf>

“The 2014 farm bill provided mandatory funding for many programs. Some of these programs have a budget baseline beyond the end of the farm bill in FY2018, while others do not. The Congressional Budget Office (CBO) baseline is a projection at a particular point in time of what future federal spending on mandatory programs would be under current law. This baseline is the benchmark against which proposed changes in law are measured. This report identifies mandatory programs in the 2014 farm bill that lack a budget baseline and explains the significance of this for enacting a successor to the current farm bill.”

Rural Economic Outlook: Setting the Stage for the Next Farm Bill

House Committee on Agriculture – Hearing – February 15, 2017

<http://agriculture.house.gov/calendar/eventsingle.aspx?EventID=3643>

"As we prepare for the upcoming farm bill reauthorization, farmers and ranchers are enduring challenging times. USDA reported this week that net farm income fell 45 percent from 2013 to 2016, the largest 3-year percentage drop since the Great Depression. Net farm income is expected to decline even further in 2017. Our hearing... will feature a panel of distinguished economists who will discuss the challenges faced by farmers and ranchers and provide context for the needs of rural America in the next Farm Bill."

For hearings on the new farm bill: <http://agriculture.house.gov/calendar/?EventTypeID=214&Timeframe=All>

David Oppedahl

The Downturn in Agriculture: Implications for the Midwest and the Future of Farming

FRB Chicago Fed Letter – February 2017

<https://www.chicagofed.org/publications/chicago-fed-letter/2017/374>

"Prices for key agricultural products have fallen from their peaks in recent years, while input costs have not fallen as much. Consequently, many farm operations in the Midwest have had lower revenues and thinner profit margins—and some even losses. On November 29, 2016, the Federal Reserve Bank of Chicago held a conference to examine the agricultural downturn in the Midwest and discuss future directions for farming."

EMPLOYMENT

Unemployment versus Underemployment: Assessing Labor Market Slack

FRB Atlanta – Blog - February 21, 2017

<http://macroblog.typepad.com/macroblog/2017/02/unemployment-versus-underemployment-assessing-labor-market-slack.html>

"In many important respects, the labor market has exhibited a return to health. But for part-time workers who would like full-time work, that health may not be quite so evident. A macroblog post looks at recent trends in worker demand and some possible factors behind them."

Eleanor Krause and Isabel V. Sawhill

What We Know—and Don't Know—About the Declining Labor Force Participation Rate

Brookings – Social Mobility Memo - February 3, 2017

<https://www.brookings.edu/blog/social-mobility-memos/2017/02/03/what-we-know-and-dont-know-about-the-declining-labor-force-participation-rate>

"Today's unemployment rate of 4.8 percent, showing the United States still nearing "full employment," will dominate the mainstream news. But behind the headlines is a troubling, stubborn trend: men and women dropping out of the labor force. Today's report confirms this decline, with the labor force participation rate sitting at 62.9 percent compared to its 1990s peak of 67.3 percent."

David Neumark, Ian Burn, and Patrick Button

Age Discrimination and Hiring of Older Workers

FRB San Francisco - Economic Letter - February 27, 2017 – 5 pages

<http://www.frbsf.org/economic-research/files/el2017-06.pdf>

"Population aging and the consequent increased financial burden on the U.S. Social Security system is driving new proposals for program reform. One major reform goal is to create stronger incentives for older individuals to stay in the workforce longer. However, hiring discrimination against older workers creates demand-side barriers that limit the effectiveness of these supply-side reforms. Evidence from a field experiment designed to test for hiring discrimination indicates that age discrimination makes it harder for older individuals, especially women, to get hired into new jobs."

Jeffrey Clemens and Michael R. Strain

Estimating the Employment Effects of Recent Minimum Wage Changes: Early evidence, an interpretative framework, and a precommitment to future analysis

AEI Economics Working Paper Series – January 23, 2017 – 49 pages

<https://www.aei.org/wp-content/uploads/2017/01/Clemens-Strain-WP-2017-01.pdf>

“This paper presents early evidence on the employment effects of state minimum wage increases enacted between January 2013 and January 2015 and offers an interpretative framework to understand why it is of interest to study recent changes in isolation. Given the ongoing transitions of many states’ minimum wage rates, the authors also set the stage for a precommitted analysis of the minimum wage changes scheduled for coming years.”

EMPLOYMENT BENEFITS – UNIONS

Family Paid Leave

AEI-Brookings Project on Paid Family Leave

<https://www.aei.org/feature/paid-family-leave/>

“This is a series of blog posts on paid family leave jointly sponsored by AEI and Brookings. The project includes a diverse group of individuals from different organizations with expertise on this topic. Following our initial blog to tee off the series, we have invited each of the working group members to offer their thoughts on the topic. Over the next few weeks, you will get to read their opinions and offer your comments. We invite you to engage with us as a new administration takes office and charts out policies on these topics. This will help us better inform policymakers of the practical day-to-day realities of living in a country where millions lack access to paid leave at the birth of a child or to meet other caregiving needs.”

Nick Hanauer & David Rolf

Portable Benefits for an Insecure Workforce

The American Prospect magazine – Article - Winter 2017

<http://prospect.org/article/portable-benefits-insecure-workforce>

“Why Americans need portable benefits, what those benefits should look like, and how those benefits can be created and funded.”

Katherine V.W. Stone

Unions in the Precarious Economy

The American Prospect magazine – Article - Winter 2017

<http://prospect.org/article/unions-precarius-economy-0>

“Employers are increasingly dispensing with fixed working-time schedules, and turning to on-demand, just-in-time, and “gig” work instead. Some on-demand working time is involuntary: An employer imposes a fluctuating schedule on a worker who would prefer to have regular hours. Involuntary scheduling is becoming increasingly common in the retail, restaurant, hotel, and janitorial sectors, and even in some professional occupations.”

Kevin Mooney

Decline of Unions under Right-to-Work Laws Levels Playing Field for Trump

The Daily Signal - February 19, 2017

<http://dailysignal.com/2017/02/19/decline-of-unions-under-right-to-work-laws-levels-playing-field-for-trump/>

“Donald Trump prevailed where other Republican presidential candidates failed in Midwestern states in part because of new right-to-work laws that have diminished the power and influence of the teachers’ unions, according to labor policy analysts.”

Justin Miller

Can Labor Fight Back? Trump and the Republicans plan to roll back worker rights to pre-New Deal levels.

The American Prospect magazine – Article - Winter 2017

<http://prospect.org/article/can-labor-fight-back>

“As the former union bastions of Pennsylvania, Ohio, Michigan, and Wisconsin flipped from blue to red on election night, with votes rolling in for a billionaire real-estate mogul with a cheap populist varnish, the once-mighty American labor movement saw its life flash before its eyes. Early in the Democratic primary, virtually every labor union lined up behind Hillary Clinton—seeing her as a better political bet than the socialist insurgent Bernie Sanders.”

HEALTH ECONOMICS

Rescuing Americans from the Failed Health Care Law and Advancing Patient-Centered Solutions

House Committee on Education and the Workforce – Hearing - February 1, 2017

<http://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=401231>

“It is no coincidence that our first hearing is focused on our efforts to rescue Americans from a fatally flawed health care law and transition to a patient-centered system. There is an urgent need to address the challenges facing working families and small businesses under Obamacare, and that’s exactly what this hearing is about.”

Alice M. Rivlin

Why Is It So Hard For Republicans To Replace Obamacare?

Brookings - February 9, 2017

<https://www.brookings.edu/opinions/why-is-it-so-hard-for-republicans-to-replace-obamacare>

“Observing that Republicans do not have a common intellectual basis from which to design an Obamacare replacement, Alice Rivlin identifies several approaches policymakers can take to construct a viable replacement that can command bipartisan support.”

James C. Capretta

Medicaid

American Enterprise Institute - From the book "A Safety Net That Works" - February 2017

<http://www.aei.org/spotlight/a-new-safety-net-medicaid/>

“The Medicaid program is an important component of the nation's safety net. The program serves tens of millions of people who would otherwise struggle to secure access to needed medical care and long-term care services. But it is no longer possible to ignore the immense budgetary pressures the program has created for the federal government and the states. Indeed, state governors and legislators, on a bipartisan basis, have been calling for fundamental Medicaid reform for many years because they see the program crowding out their ability to address other important state priorities. What is needed is a reworking of the federal-state relationship concerning the program's financing and governance.”

Stuart M Butler, Dayna Bowen Matthew, and Marcela Cabello

Re-balancing Medical and Social Spending To Promote Health: Increasing State Flexibility to Improve Health through Housing

Brookings - February 15, 2017

<https://www.brookings.edu/blog/up-front/2017/02/15/re-balancing-medical-and-social-spending-to-promote-health-increasing-state-flexibility-to-improve-health-through-housing>

“Social and environmental factors account for up to 50 percent of a population’s health, yet, the U.S. spends just 56 cents on social services for every \$1 it spends on health services. Stuart Butler, Dayna Bowen Matthew, and Marcela Cabello argue that the U.S. needs to rethink the way it prioritizes health spending by factoring in local conditions.”

Medicaid Per Capita Cap Would Shift Costs and Risks to States and Harm Millions of Beneficiaries House Republican Proposals to Radically Overhaul Medicaid Would Shift Costs, Risks to States

Center on Budget and Policy Priorities – Papers – February 27, 2017 - 6 & 13 pages

<http://www.cbpp.org/sites/default/files/atoms/files/2-24-17health.pdf>

<http://www.cbpp.org/sites/default/files/atoms/files/2-24-17health2.pdf>

House Republican leaders have announced that they plan to overhaul Medicaid, either with a Medicaid “per capita cap” or a block grant, or give states a choice between the two, as part of the legislation to repeal the Affordable Care Act (ACA). This would increase the number of uninsured by 32 million people, and effectively end the Medicaid expansion now in effect in 31 states and Washington, D.C. This would force expansion states to find at least \$32 billion more in state funds in 2019 alone. Few, if any, states could absorb such new costs. In two new papers released today from CBPP, we explore how the Medicaid per capita cap would shift the costs and risks to states and millions of people, and the impact on states of radically restructuring Medicaid in this manner.”

INTERNATIONAL ECONOMIC RELATIONS

Federico J. Díez, Jesse Mora, and Alan C. Spearot

Firms in International Trade

FRB Boston - Working Paper – December 2016 – 60 pages

<https://www.bostonfed.org/publications/research-department-working-paper/2016/firms-in-international-trade.aspx>

“Firms play a critical role in the global economy. In this paper, we survey the behavior of firms in the international economy, both in theory and in the data. We first summarize the key empirical facts that motivate the study of firms in trade. Then, we detail recent theoretical developments on the micro-foundations of firm behavior in an international context, focusing on how firms select into exporting, and how firms respond to international shocks. Finally, we turn to a “real world,” empirically focused view of exporting, beginning with the growth dynamics of firms expanding to global markets, and then addressing the critical financing decisions firms make when engaging in international commerce. We conclude with directions for future research.”

Jeffrey J. Schott

US Trade Policy Options in the Pacific Basin: Bigger Is Better

Peterson Institute – Policy Brief – February 2017 – 9 pages

<https://piie.com/system/files/documents/pb17-7.pdf>

“In killing US participation in the Trans-Pacific Partnership (TPP), the Trump administration has signaled its desire for bilateral rather than regional agreements on trade. Jeffrey J. Schott explains why a regional deal like the TPP is far more likely to yield larger US gains with fewer US concessions than the administration’s favored approach and recommends steps to improve the TPP. Among them would be inclusion of an enforceable currency manipulation clause and omission of the controversial investor-state dispute settlement provision.”

Adams Nager

A Tale of Two Trading Partners: Why U.S. Trade with Mexico and China Could Not Be More Different
Information Technology & Innovation Foundation – Blog - February 6, 2017

https://itif.org/publications/2017/02/06/tale-two-trading-partners-why-us-trade-mexico-and-china-could-not-be-more?mc_cid=86f032b020&mc_eid=c56f7c6ab9

“Some blame Mexico for U.S. manufacturing decline. But losing jobs to China is usually worse than losing jobs to Mexico. That’s because: 1) the U.S. and Mexico have complementary supply chains; 2) Mexico generally plays by the rules; and 3) trade with Mexico doesn’t add to the trade deficit. The Trump administration should choose its battles carefully, because engaging in a “skirmish” with Mexico would divert resources from a more concerted “constructive confrontation” with China.”

Robert E. Scott

Growth in U.S.–China Trade Deficit Between 2001 and 2015 Cost 3.4 Million Jobs - Here’s how to rebalance trade and rebuild American manufacturing

Economic Policy Institute - Report - January 31, 2017 – 94 pages

<http://www.epi.org/files/pdf/114752.pdf>

“The U.S.–China trade relationship needs to undergo a fundamental change. Addressing unfair trade, weak labor, and environmental standards in China, and ending currency manipulation and misalignment should be our top trade and economic priorities with China. It is time for the United States to respond to the growing chorus of calls from economists, workers, businesses, and Congress (Scott 2014b) and take action to stop unfair trade and illegal currency manipulation by China and other countries.”

ENVIRONMENTAL ECONOMIC ISSUES

Modernizing Environmental Laws: Challenges and Opportunities for Expanding Infrastructure and Promoting Development and Manufacturing

House Energy and Commerce Committee – Hearing - February 16, 2017

<https://energycommerce.house.gov/hearings-and-votes/hearings/modernizing-environmental-laws-challenges-and-opportunities-expanding>

“There are plenty of opportunities to make commonsense changes to environmental laws and the way we implement those laws that will reduce unnecessary barriers, disincentives and delays to permitting new infrastructure and manufacturing. This is particularly the case with implementation of some of our air laws.”

Making EPA Great Again

House Committee on Science, Space, and Technology – Hearing – February 7, 2017

<https://science.house.gov/legislation/hearings/full-committee-hearing-making-epa-great-again>

“Today we will examine how the Environmental Protection Agency evaluates and uses science in its regulatory decision making process. Sound science should be at the core of the EPA’s mission. Legitimate science should underlie all actions at the agency, from research to regulations, and be an integral part of justifying their actions. Unfortunately, over the last eight years, the EPA has pursued a political agenda, not a scientific one.”

At What Cost? Examining the Social Cost of Carbon

House Committee on Science, Space, and Technology – Hearing – February 28, 2017

<https://science.house.gov/legislation/hearings/subcommittee-environment-and-subcommittee-oversight-hearing-what-cost-examining>

“While multiple models are used to determine a value for carbon, the ones frequently used in regulations assume only a worst case scenario for climate change impacts. Similar to climate models, which predict worst case scenarios and are repeatedly proved wrong, the social cost of carbon used by federal agencies is also flawed. The federal government should not include faulty calculations to justify costly regulations, such as the Clean Power Plan and standards used by the Department of Energy. Instead, it should eliminate the use of the social cost of carbon until a credible value can be calculated.”

Wayne B. Gray and Gilbert E. Metcalf

Carbon Tax Competitiveness Concerns: Assessing a Best Practices Carbon Credit

Resources for the Future – Report – February 2017 - 25 pages

<http://www.rff.org/research/publications/carbon-tax-competitiveness-concerns-assessing-best-practices-carbon-credit>

“A "best practices" output-based credit on the corporate income tax for carbon tax payments could address competitiveness concerns while also providing incentives for capital investments that lower the emissions intensity of firms within sectors.”

ENERGY

Modernizing Energy and Electricity Delivery Systems: Challenges and Opportunities to Promote Infrastructure Improvement and Expansion

House Energy and Commerce Committee – Hearing - February 14, 2017

<https://energycommerce.house.gov/hearings-and-votes/hearings/modernizing-energy-and-electricity-delivery-systems-challenges-and>

“The hearing will explore opportunities to improve our nation’s economic competitiveness by examining the state of America’s evolving energy infrastructure and barriers to innovation, modernization, job creation, and economic growth.”

Electricity: Federal Efforts to Enhance Grid Resilience

GAO – Report - January 25, 2017 – 53 pages

<http://www.gao.gov/products/GAO-17-153>

“The nation's electricity grid faces potential threats from natural disasters and deliberate attacks. We looked at the federal government's efforts to enhance the grid’s resilience—its ability to adapt to changing conditions and withstand and recover from potentially disruptive events (such as the loss of power lines). The 27 federal efforts to enhance grid resilience focused on enhancing awareness of potential disruptions, coordinating responses, and sharing information between government and private industry (which owns most of the electricity grid). We found these efforts helped enhance and sustain coordination between federal agencies.”

Steven Nadel

Demand Response Programs Can Reduce Utilities’ Peak Demand an Average of 10%, Complementing Savings from Energy Efficiency Programs

ACEEE – Blog – February 9, 2017

<http://aceee.org/blog/2017/02/demand-response-programs-can-reduce>

“Demand response and energy efficiency programs are complementary: energy efficiency reduces both energy use and peak demand while demand response provides additional peak demand reductions. In this blog, we use data to illustrate the importance of each, including some new data on actual savings from demand response programs.”